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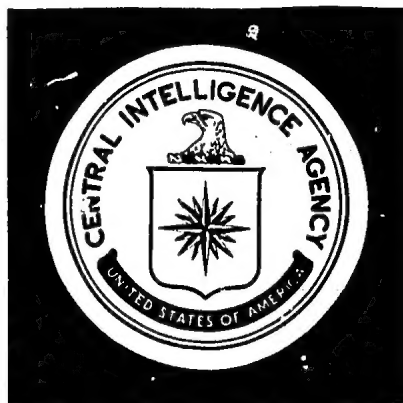
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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

International Narcotics Series No. 12

*The French-American Connection: The Movement of Heroin
from France to the United States*

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17 May 1972

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence

17 May 1972

INTELLIGENCE MEMORANDUM

THE FRENCH-AMERICAN CONNECTION: THE MOVEMENT OF HEROIN FROM FRANCE TO THE UNITED STATES

Conclusions

1. Most of the heroin consumed in the United States passes through illicit international narcotics channels controlled by Turkish and French trafficking groups before it is distributed by US criminal drug syndicates. French traffickers have long played a key role in processing heroin and distributing it to the American market. The French trafficking system is dominated by French Corsicans who operate primarily out of Marseille.

2. Several different types of trafficking groups are usually involved in the various phases of the heroin trade. In most cases, the importation of opium and morphine base, the conversion of these narcotics into heroin, and the smuggling of the heroin are conducted by independent but closely related groups. These groups generally operate in a spirit of keen competition but also have been known to cooperate with each other.

3. All of the heroin conversion facilities or "laboratories" seized in France during the last decade have been located in or near Marseille. However, heroin laboratories may also be operating in other areas of France or Western Europe. These crude and highly portable facilities can be equipped for about US \$5,000 and can be set up in only a few rooms of a small villa. More effective planning and more extensive stockpiling of raw materials now enable laboratories to operate at any time of the year. Examination of the two laboratories seized during the first quarter of 1972 suggests that heroin production at each of them could have reached levels of about 100 kilograms per week, compared with 20 kilograms per week levels for those seized prior to 1970.

Note: This memorandum was prepared by the Office of Strategic Research from information contained in the investigative files of the Bureau of Narcotics and Dangerous Drugs and the Bureau of Customs. It has been coordinated within the Directorate of Intelligence as well as with the Bureau of Narcotics and Dangerous Drugs and the Bureau of Customs.

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4. A French trafficking group usually consists of one or two principal leaders who direct an informal and loosely defined organization consisting of a core group of deputy leaders. These deputies either recruit others or they themselves serve as contact men, courier organizers, or courier receivers. A group may also be associated with one or more financial backers and may employ the services of a financial adviser to handle the transfer, banking, and investing of narcotics profits.

5. Practically every mode of commercial transportation has been used in smuggling heroin into the United States. Common smuggling methods are by body and baggage carries, by concealment in motor vehicles and other sea freight, and by clandestine air transport. An analysis of traceable heroin seizures made since January 1969 - which represent only a small fraction of shipments - have yielded the following breakdown of shipments into the United States by route:

| | |
|---|-----|
| From Europe, either directly or by way of Canada | 40% |
| From Europe, via Latin America (excluding Mexico) | 35% |
| From Europe, via Mexico | 18% |
| From Asia | 4% |
| From Mexico | 2% |
| From the Near East | 1% |

These figures almost certainly do not reflect the actual flows of heroin into the United States; this may be particularly true for heroin originating in Mexico and, perhaps, Asia.

Discussion

Introduction

6. Several chemists in the 1870s developed a supposedly nonaddictive substitute for morphine which was heralded as a new principal component for the treatment of opiate addiction. The German pharmaceutical firm of Friedrich Bayer and Company was the first to produce the new drug in large quantities. Because of the drug's remarkable physiological efficacy and its supposed "heroic" properties, Bayer decided to market the drug under the brand name "heroin."

7. The illicit production of this drug has subsequently become a multi-million dollar business operated by underworld elements. Most of the heroin found in the United States passes through one or more international narcotics channels largely controlled by Turkish and French connections before it is distributed in the United States by major criminal drug syndicates.

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8. The raw material for most of the heroin destined for the United States originates in the opium poppy fields of Turkey. From Turkey the opium and morphine base (the intermediate material from which heroin is directly produced) are smuggled into France where they are processed into heroin.⁽¹⁾

9. After the raw narcotics materials enter France, they are converted into heroin in clandestine processing centers. The heroin is then smuggled to the United States where it is diluted, distributed, and diluted again before being sold to heroin addicts. This memorandum reviews those operations of the international heroin traffic controlled by French-American connections and discusses the movement of morphine base within France, the conversion of morphine base into heroin, the structure and function of the French heroin trafficking system, the systems for handling narcotics money, and the modes and methods of heroin smuggling into the United States.

French System

10. Several types of traffickers and trafficking groups can be identified with the various stages of the heroin trafficking process. In most cases, different individuals and groups are responsible for the importation of opium and morphine base, the conversion of these narcotics into heroin, and the trafficking and smuggling of the heroin into the United States. Each phase usually represents an independent operation conducted by an individual group which buys, sells, or performs a single service in the furtherance of the illicit heroin trade. Nevertheless, there are cases of vertical integration where more than one phase of the system (for example, the importation of morphine base and the conversion of heroin) is controlled by one group.

The Narcotics Importer

11. The responsibility for smuggling opium or morphine base into France rests with the Turkish traffickers or their intermediate connections. The French importer will often help in arranging for the arrival of his shipment on French soil. This may be accomplished by arranging for the unloading of the narcotics at various docks or by sending a small boat to pick up a shipment of narcotics unloaded at a prearranged location off the southern coast of France.

12. After receiving the shipment, the importer normally will test the quality and quantity of the narcotics before making the final payment. The shipment will then be taken to a secure narcotics depot where it will

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be stored until it is transferred to either a heroin laboratory or to another storage area belonging to a trafficking group.

13. The French narcotics importer usually acts as a commissioned purchasing agent for either a laboratory group or a trafficking group. If the importer is associated with a trafficking group, his shipment is delivered to the traffickers who, in turn, will send it to a heroin laboratory for processing. An importer working for a laboratory will deliver his shipment to the laboratory group which will then process it and sell it directly to a trafficking group. The importer will sell to more than one group if his supply exceeds one group's demand. In some cases, the importer may actually be a member of a trafficking or laboratory group and will receive a share of the final profits as his import fee.

The Laboratory Operator

14. After the raw narcotics materials are safely stored, the laboratory operator will be notified and asked to prepare for the conversion process. The operator, who is usually also the chief "chemist," will then gather his supplies and equipment together and either move them into an existing laboratory site or purchase or rent a new site. He will also call his chemical suppliers and order them to procure the necessary chemicals. Laboratory operators generally have two or three individuals whose sole function is to purchase and store heroin conversion chemicals. This practice avoids the purchase of suspiciously large quantities of chemicals by one individual and ensures adequate stocks even if one supplier is unable to deliver. Chemical suppliers are known to have ordered these materials through legitimate paint and pharmaceutical companies. Once the laboratory site, morphine base, laboratory equipment, and chemicals are all available, the conversion process begins.

Heroin "Laboratories"

15. The five French heroin conversion facilities seized since 1964 were located near Marseille. Although no heroin "laboratories" have been discovered anywhere else in Europe in recent years, laboratories previously have been seized in Turkey and Lebanon. There have been a number of reports over the past few years that heroin laboratories may also be operating in Corsica, northern France, Belgium, and West Germany. Italy, Spain, Switzerland, Turkey, and Syria also have been cited as possibly housing one or more such laboratories. The location of the existing laboratories and the identities of associated individuals are among the most closely held secrets of the trade. The number of laboratories operating at any given time is unknown, although most authorities appear to believe that only a few large laboratories and several smaller laboratories may be supplying the US market. Specific estimates have ranged from estimates

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by French authorities of as few as three laboratories to estimates of as many as ten or twelve made by US authorities.

16. An analysis of Marseille laboratory operations detected since 1964 indicates that although they functioned independently of each other, there were certain factors common to the operations of most of them. Almost all were located in isolated villas in the countryside surrounding Marseille. The conversion area usually occupied only a few rooms in the villa, with many of the remaining rooms used for the storage of morphine base, spare conversion equipment, and supplies. The laboratories operated as inconspicuously as possible. In many cases, the operators used bottled gas and bypassed electric and water meters in order to conceal the large quantities of gas, water, and electricity needed for the conversion process. These laboratories, including equipment and basic supplies, cost about \$5,000 to set up (see Appendix A).

17. The facilities were generally operated by three or four individuals consisting usually of a chief "chemist," a laboratory assistant, and a husband and wife team that assisted in the conversion process and also served as the villa's caretakers. The chief chemist generally did not have a background or degree in chemistry but learned the trade by serving as an apprentice to an experienced heroin chemist. Some chemists are believed to have owned their own laboratories, while others apparently operated the laboratories under the sponsorship of either a heroin trafficker or other financial backer.

18. The laboratories appear to have operated on a commission basis, charging about \$400 for each kilogram of morphine base brought to them for processing. Some laboratory operators also purchased their own morphine base which they processed and sold directly to heroin traffickers. Each of the three laboratories seized in France between 1964 and 1971 was producing at a rate of about 20 kilograms of heroin per week. Other suspected laboratories operating during this period are believed to have produced at a similar level. The two heroin laboratories seized in the first quarter of 1972 may have been producing about 100 kilograms of heroin each per week. This increase in the rate of production apparently is due to the more efficient organization and scheduling induced by the growing demand for heroin.

19. The laboratories probably operated without stopping until the entire batch or order of morphine base on hand had been processed. The heroin was then removed from the laboratory site and stored in a secure depot. If there were no further orders or if the operator felt the site was suspect, the laboratory was shut down, dismantled, cleaned, and moved to another location or to a storage area. The entire closing procedure probably took only a few hours and all of the equipment and supplies could have been packed into one large truck. Some laboratories apparently operated only on an "as needed" basis, processing only one batch of heroin

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before shutting down. The portable and inconspicuous nature of these facilities and the frequent changes in their location have enabled them to operate for long periods of time without being detected. Figures 1a and 1b provide exterior and interior views and photographs of equipment found in two French laboratories.

Conversion Process

20. The processing of one batch of heroin usually is completed within seven to ten days of constant activity. Although the process is rather complex, less skill is needed to produce heroin than to produce LSD, MDA, or most other drugs. The following is a reconstruction of what is believed to be the seven-day schedule of a typical French heroin laboratory:

Day 1: The morphine base is placed in an enameled pan to which a small amount of acetone is added. The solution is stirred for several hours and then filtered. This is a process designed to remove foreign alkaloids from the morphine base.

Day 2: The morphine base is then dissolved in a tartaric acid solution which is heated to 90°C and to which activated charcoal is added. The mixture is allowed to cool overnight. This process removes more alkaloids from the morphine base and improves its purity. At the same time, a second load of morphine base will begin the Day 1 procedure. A third load will be started the next day, and additional loads will follow each day after that until the entire batch is processed. This tandem processing of new batches of morphine base is the chief factor that has quintupled the level of output in recent years.

Day 3: Additional tartaric acid is added to form acid tartrate. This is allowed to cool and crystallize for five to six hours before it is filtered, washed, and dissolved in hot water (90°C). Ammonia is then added to the solution until the mixture is alkaline to test paper. The morphine base then reprecipitates.

Day 4: The morphine base precipitate is recovered through filtration, using heat lamps and/or vacuum pumps. Homemade centrifuge systems, fashioned out of washing machines, have also been used in this process. The basic effect of the first four days has been to create a morphine base substance of high purity which is the sine qua non for the highest quality heroin.

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Heroin workshop area containing sifters and scale.

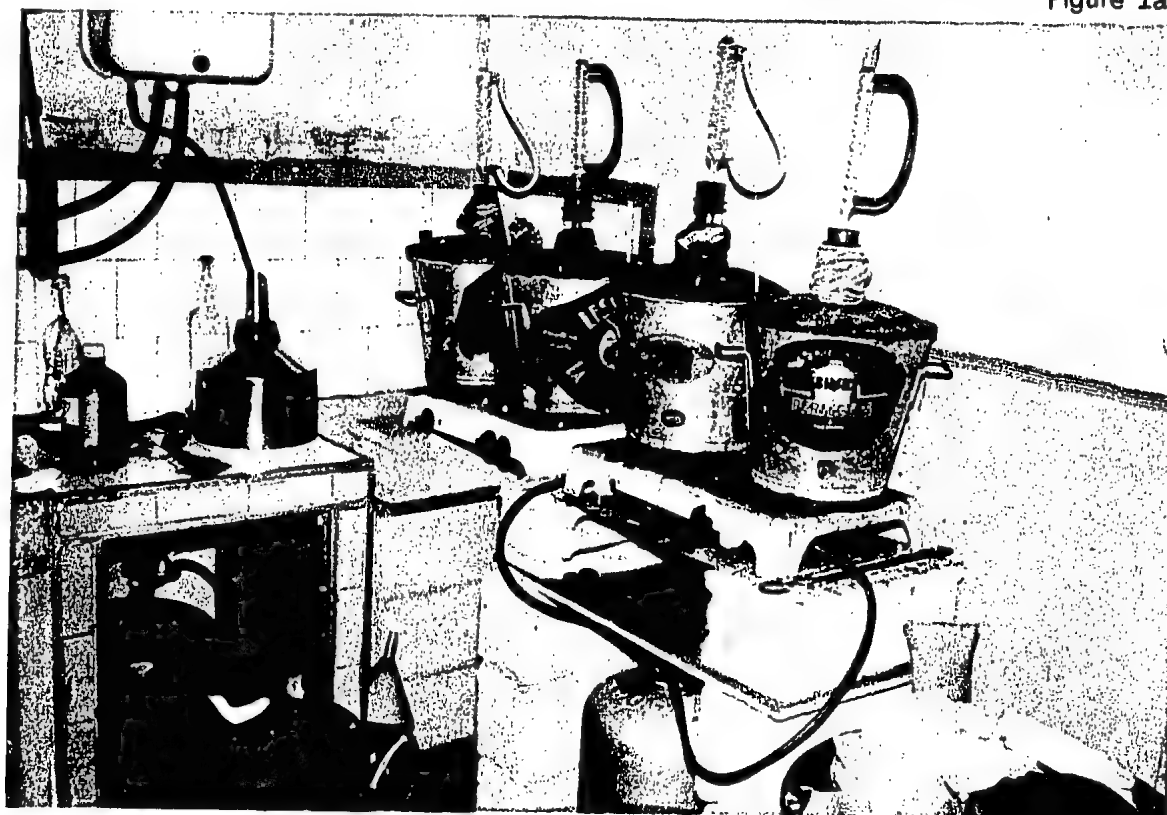


Centrifuge dryer and filtration equipment.

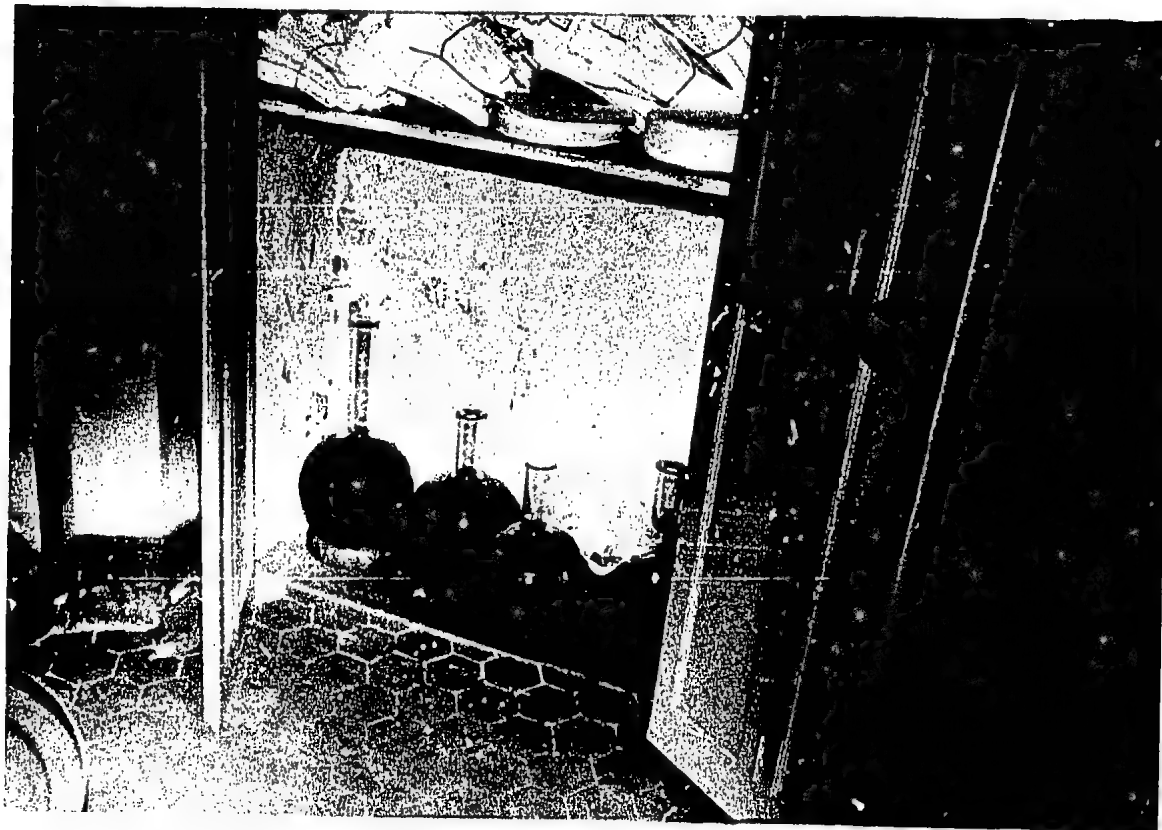
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Figure 1a



Acetylation stills with condensers using bottled gas for heat supply.



Closet containing filter paper and balloon flasks filled with acetic anhydride solution.

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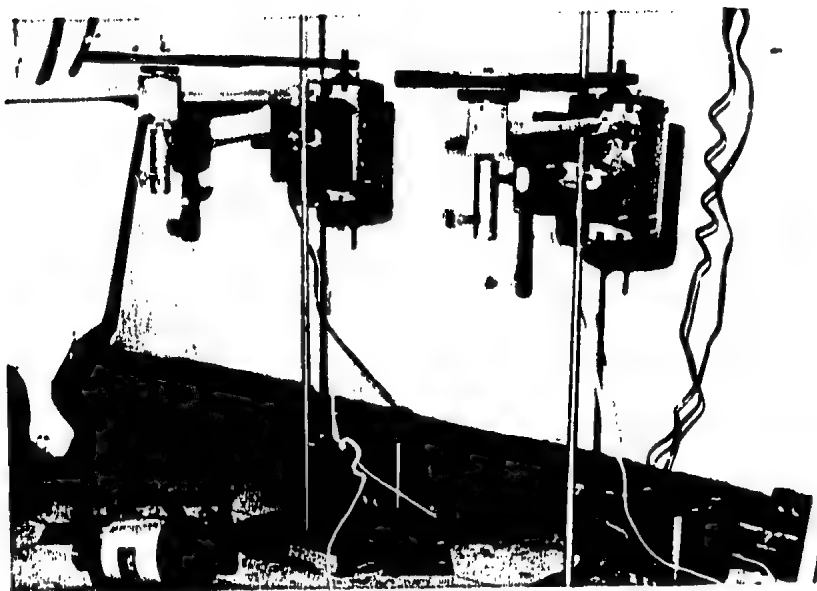


**HEROIN LABORATORY SEIZED IN MARCH 1969
IN MAZARGUES, FRANCE**



Villa housing laboratory and chemical supply truck.

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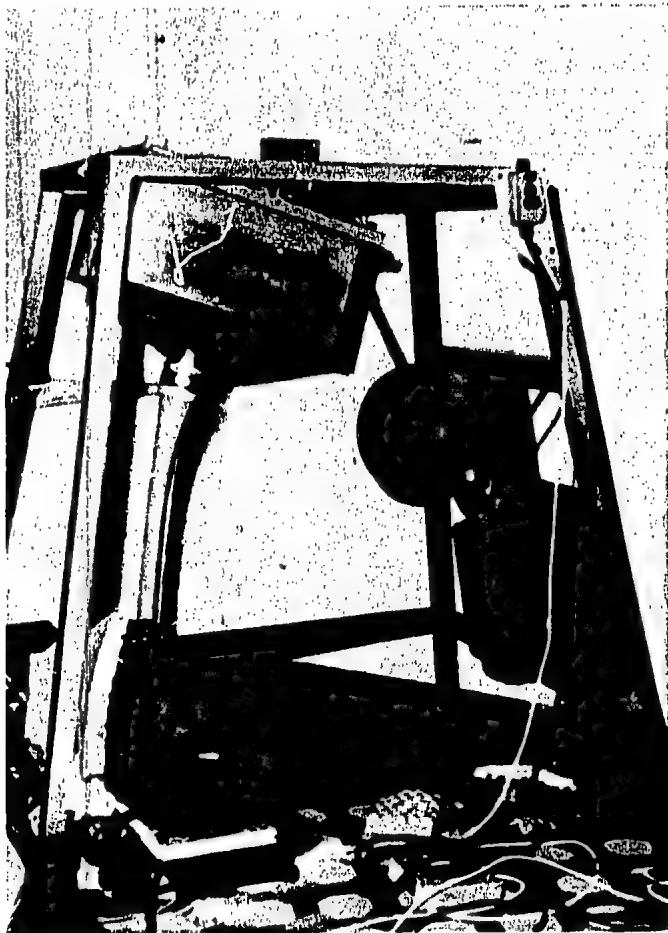
Electric mixers with timer, speed, and voltmeter attachments.



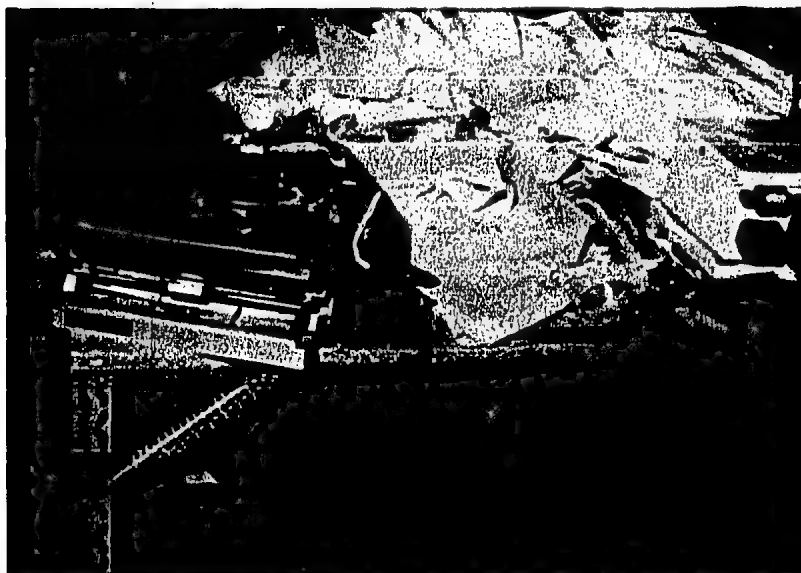
Drying cabinet containing electric heaters
and drying trays filled with heroin.

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Figure 1b



Equipment used to pulverize heroin.



Packaging area containing heat sealing machine.

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Day 5: Purified morphine base in lots of about 2.5 kilograms is mixed with 3.5 liters of acetic anhydride in five or six liter flasks or other vessels. Acetic anhydride, which is the principal reagent in the heroin process, is an inexpensive and readily available industrial chemical used primarily in the manufacture of plastics and synthetic fibers. The morphine base is acetylated by boiling the mixture for five or six hours at 90°C. A water condenser is usually attached to the flask in order to contain the noxious fumes and prevent the incriminating vinegary odors from escaping. The resultant heroin acetate is then cooled for two or three hours. After cooling, sodium carbonate and water are added to neutralize the acetic acid and allow the diacetylmorphine (heroin) base to precipitate for five or six hours. The heroin base is then filtered again.

Day 6: The heroin base is dissolved in hot acetone or alcohol to which activated charcoal is added. This process will whiten the base. Following filtration, the heroin is precipitated from the organic solvent by partially evaporating the acetone and adding hydrochloric acid. After allowing several hours to assure complete precipitation, the solution is filtered, producing heroin hydrochloride.

Day 7: The heroin is dried for a few hours on heating trays placed in heating cabinets. The lumpy powdery substance is then pulverized and screened to yield the 90%-100% pure, white, and fine heroin that French processors are known for. The heroin is then normally packed in 500 gram plastic bags, weighed, and sealed.

21. The nature of the processing cycle requires the presence of the chief chemist for only three to five days per run. His production rate depends primarily on how much morphine base and other supplies he can gather and how well he can organize and schedule the production process. Contrary to conditions in the early and mid-1960s, when their supply of morphine base increased following the Turkish opium harvest, heroin chemists now receive morphine base the year around and can operate a laboratory at any time during the year. This probably is the result of increased stockpiling of morphine base in both Turkey and Western Europe. This buildup of stocks reportedly has gained momentum since the announcement that Turkish opium production would cease after 1972.

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Drug Traffickers

22. There are two factors that characterize the French narcotics trafficking system -- the predominance of French Corsicans as major traffickers and the preeminence of Marseille as a focal point for heroin traffic. French Corsicans are said to have been the driving element of the French "milieu" or underworld since the turn of the 20th century and have used Marseille as their chief base of operations.

23. The rise in the dominance of Corsicans in the French underworld coincided with the rise in the number of Corsicans who emigrated from their island homeland. Since 1860, Corsicans have left Corsica in a steady stream, seeking resettlement primarily in metropolitan France, South America, and the West Indies. It is estimated that at present some 200,000 individuals of Corsican descent reside on the French mainland, with the largest Corsican communities located in Paris, Marseille, and Toulon.

24. During World War II, many of today's top Corsican traffickers, most working for the Resistance but some for the Gestapo, learned the tricks of the clandestine trade. Their experience in covert operations, clandestine organization, illicit transport, recruitment, and false documentation has since been adapted to heroin trafficking with effective results.

25. Following the liberation of France, many of the criminal Corsican elements concentrated their efforts on smuggling. The two principal commodities these smugglers reportedly handled were gold and American cigarettes. During the mid-1950s, Marseille became notorious for gangland wars between rival Corsican trafficking groups. After the profitability of cigarette smuggling declined, many of these Corsican traffickers turned to the heroin traffic which offered higher profits for a much less bulky commodity. Although French Corsicans continue to dominate the French heroin traffic, as these older traffickers leave the business they are being replaced by younger and often non-Corsican elements of the French underworld.

26. Marseille became France's most important port during the Crusades and soon thereafter became one of Europe's leading trading centers. Its geographic location made it a primary import center for textiles, carpets, and spices from the Near and Middle East. By the 19th century, Marseille had become the fifth busiest port in the world behind London, Liverpool, New York, and Hamburg. It remains France's busiest port and is now the third largest city in France.

27. Marseille's location -- between the source of heroin and the streets where the heroin is consumed -- has placed it at the center of the heroin

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trade. The heavy volume of port traffic makes Marseille a difficult port to control against smuggling. With a population of more than one million, Marseille's size allows the traffickers to operate unobtrusively in the city while the area around Marseille provides excellent isolated locations for heroin laboratories.

Trafficking Groups

28. The French heroin trade is believed to be dominated by a few powerful independent trafficking groups; numerous smaller gangs also handle narcotics. These groups generally operate in a spirit of keen competition; violent methods will be employed if one group or individual violates the criminal norms of behavior. Some groups, particularly those operating out of Paris, serve only as smuggling groups and must purchase their heroin from other trafficking groups rather than from a laboratory.

29. Practically every French heroin trafficking group has its own method of operation and its own kind of informal and loosely defined organizational structure. This structure is extremely flexible and in almost constant flux as roles and responsibilities adapt to changes in trafficking operations. There are, nonetheless, certain structures and functions that are common to most of these groups. Most groups, for example, consist of one or two top leaders who are surrounded by a close-knit group of deputy leaders.⁽²⁾ These deputies either recruit others or they themselves serve as contact men, courier organizers, or courier receivers. Some groups may also include silent financiers and financial advisers. Almost every group can be connected to one or two bars or cafes which serve as operational headquarters, mail drops, message relay centers, and recruiting stations. Most traffickers freely use commercial communication systems to conduct their trafficking business, although the Corsican dialect, doubletalk, and prearranged codewords and signals are employed to ensure some security.

Leaders

30. Each leader and deputy leader normally invests some of his own funds in each heroin operation and receives a proportionate share of the profits. Most decisions concerning heroin operations appear to be made by the core group as a whole, although the principal leaders undoubtedly have the final word. They conduct their operations in a cautious and conservative manner and will frequently suspend operations for weeks at a time if they feel that police pressure is unusually strong.

31. The deputy leaders are the chief day-to-day operators and are generally in charge of arranging for the supply of morphine base, for its processing into heroin, and for its movement to the American market.

2. For sample profiles of some individuals known or believed to be major French heroin traffickers, see Appendix B.

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Although any one of these deputy leaders may be called upon to fulfill practically any task necessary in the heroin business, the number having access to a heroin laboratory is kept to a minimum for security reasons.

Contact Man

32. One of the most important roles in any trafficking group is that of the "contact man." His principal duty is to find a connection in the United States or elsewhere who will purchase the group's heroin. [REDACTED]

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[REDACTED] This supersalesman generally deals only with known narcotics traffickers or with individuals who can be vouched for on a personal basis by someone of unquestioned integrity. Since the identify of the buyer or his representative is as sensitive as the location of the heroin laboratory, the contact man must be one of the most trusted members of the trafficking group. Because of his importance, the contact man may receive 20% or more of the profits for his services.

33. In addition to finding a buyer, the contact man often also negotiates the detailed terms of sale and delivery. It is also his responsibility in most cases to personally hand over each shipment to the buyer. His services are often used, for a healthy fee, by other trafficking groups if they can not find their own buyer. Conversely, the contact man may ask other trafficking groups to furnish his group with heroin if his heroin order exceeds his group's stocks. He may also be asked to arrange for heroin to be stockpiled in the recipient country. [REDACTED]

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Courier Organizer

34. The courier organizer is responsible for recruiting, organizing, and operating a clandestine heroin transportation network. This chief smuggler is often a former heroin courier who no longer wishes to risk carrying heroin through a customs check and has therefore bought his way into the trafficking group by investing his money in the group's ventures. He may be paid a fixed share of the profits, a portion of the courier's fee, or have part of his earnings reinvested in subsequent shipments.

35. One of the courier organizer's basic tasks is to spot and recruit couriers. A favorite place for recruitment is a bar, where idle conversation can often tell the organizer or one of his spotters (often the bartender) if the customer is in need of money and how far he will go to get it. In addition to recruiting couriers, the organizer may also acquire the services of a "packer" to package the heroin in vacuum sealed plastic bags and

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construct false compartments in suitcases, or a mechanic to prepare a car for the concealment of up to 100 kilograms or more of heroin. Because of the numerous individuals required for this phase of the heroin traffic, the courier network is often quite extensive, particularly compared to the close-knit core of the central trafficking group. It is almost always the courier network, rather than the central trafficking group, that is compromised following the arrest of a heroin courier.

36. Some trafficking groups may have more than one courier organizer or one transport network. This enables the traffickers to guarantee a steady flow of heroin to their buyers and enables them to avoid backlogs in the event one courier or network is compromised. At the same time, one courier organizer may independently purchase or handle heroin obtained from an outside group. Some buyers, particularly those in Canada and South America, have on occasion supplied their own couriers, thereby saving on smuggling fees.

Couriers

37. There is no such thing as a typical courier, although there are some practices that are commonly used in handling couriers. The usual prerequisite for employment as a courier is the lack of a police record. Following the courier's recruitment, he is usually given as thorough a background check as possible. If the checks turn out well, the prospective courier will often be "showcased" to the members of the central trafficking group. Showcasing is a practice whereby the courier is put on display by taking him around a given area at a predetermined time along a prearranged route. The traffickers, stationed at various locations along the route, will be able to look the courier over without being identified in return. Some trafficking groups employ less direct methods of evaluating prospective couriers, but in almost every case a new courier and his method of smuggling must be approved by the group before the courier is allowed to make his first run. Once the courier is approved, the courier organizer will tell him how much heroin he will carry, how it will be smuggled, and how much he will receive as his fee. These fees vary among groups but generally range between \$500 and \$1,000 per kilogram plus expenses, the \$1,000 figure being quite common. Part of the fee may be paid in advance to offset travel expenses.

38. Practically all new couriers will be given contact instructions before leaving Europe but will not be given the name or photograph of the individual who will contact them. The new couriers, in most cases, will unknowingly be accompanied by a "controller" who will observe the courier until he is contacted. These steps will be dropped once the courier becomes more experienced and trusted. At that time, however, the courier becomes a major liability since his arrest could lead to the compromise of everyone he has come in contact with since his first run.

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False Documentation

39. Most couriers and many other heroin traffickers rely heavily on the use of false documents. Many of them may own at least three passports at any given time. These passports may be obtained by either buying stolen blank or forged passports (see Figure 2), or by applying for the replacement of a supposedly lost passport. Traffickers will also often trade passports with each other and switch photographs. The switching of photographs and matching of physical characteristics quickly gives a heroin courier a new identity. In some cases, false immigration stamps may be placed inside the passport (see Figure 2). False passports are used primarily to conceal travel outside of France, to conceal frequent travel to the United States or other foreign countries, and to conceal the arrival and departure points as well as interior travel within the United States. The traffickers usually pay between \$200 and \$500 for each false passport.

40. Whenever possible, French and Latin American traffickers will attempt to recruit and use diplomatic personnel as narcotics couriers. The status of these couriers and, when applicable, their diplomatic immunity, make them the best of couriers. These first-class couriers can carry the heroin in their own suitcases

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Courier Receiver

41. Once the courier arrives in the United States with his shipment, he usually will be contacted by a courier "receiver" or "control man." It is the receiver's responsibility to observe the courier's passage through customs, to inform the trafficking group in France of the courier's safe arrival, and then to collect the shipment from the courier. He will also deliver the shipment to the contact man who will later deliver it to the buyer. In this manner, the courier theoretically will never be able to compromise the identity of the contact man nor will the courier receiver learn the identity of the US buyer. After the heroin is delivered and paid for, the courier is given the remainder of his fee and told to return to France.

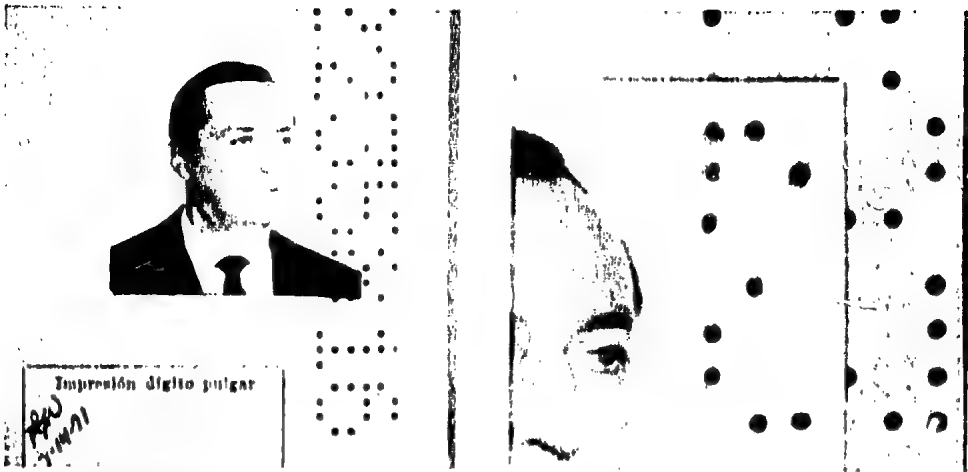
Financier

42. Although very little is known about their financial arrangements, certain individuals and small groups apparently act as silent financiers for various trafficking groups. These financiers invest large sums of money to help traffickers finance their heroin traffic. They receive in return either a proportionate share of the traffic's profits or a fixed high interest rate on their investment. Since these financiers generally do not handle narcotics and conduct their business in cash with only the top traffickers, it is extremely difficult to identify them, much less prosecute them.

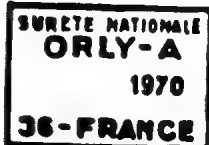
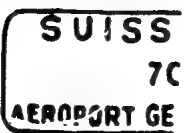
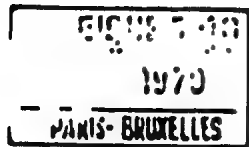
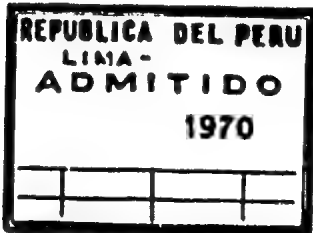
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Figure 2.

FALSE DOCUMENTS



False passport used by narcotics courier. In this case, a valid passport had been stolen and the photograph switched. Half-covered holes, rough edges, and improper spacing of holes indicate that photograph was attached to passport after numbers were punched.



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False immigration stamps probably destined for narcotics traffickers. Bottom left stamps were cut off and blurred for more realistic effect.

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Financial Adviser

43. The tremendous amount of money that is exchanged in the heroin trade has prompted some trafficking groups to use the services of financial advisers. The adviser is usually responsible for devising means for transferring narcotics profits safely and discreetly from the United States to the trafficking group or to foreign bank accounts. He may also be in charge of investing some of the profits in other illicit or legitimate markets. In past cases, these advisers have either been members of the trafficking groups or hired investment brokers and banking officials.

Investments and Profits

44. The amount of money exchanged in the heroin trade increases as the product moves westward. The trafficking group must first purchase either morphine base or heroin. Morphine base is likely to cost the traffickers somewhere between \$800 and \$1,500 per kilogram, depending on the quantity purchased, the nature of the business relationship, and whether purchased directly from Turkey or through middlemen in other countries, notably West Germany. The traffickers must next pay about \$400 per kilogram for the conversion of the morphine base into heroin. Each kilogram of heroin obtained in this manner would therefore cost the trafficking group anywhere from \$1,200 to \$1,900. The lower figure is only 10% higher than the figures reported in 1960. If the traffickers purchase heroin directly from a heroin laboratory or from another trafficking group, the cost is about \$3,000 per kilogram. (The laboratory price was about \$2,000 per kilogram in 1960.) The acquisition of 100 kilograms of heroin thus represents an initial investment of anywhere from a minimum of \$120,000 to \$300,000 for the French trafficking group.

45. The price of one kilogram of heroin delivered to a US buyer by a French trafficking group stood at about \$4,000 in 1960. By early 1972 the delivery price had increased to about \$10,000 per kilogram. This 150% increase is due both to the increased demand for heroin in the United States over the last decade and to the greater risks involved in smuggling heroin because of increased penalties and increased interdiction efforts. In any case, the initial \$120,000-\$300,000 investment in 100 kilograms of heroin will yield the traffickers a gross of about \$1 million, from which must be subtracted courier fees, transportation and preparation costs, and other operational expenses. The net profits on a successful operation range from one-half to three-fourths of the \$1 million, thus earning a substantial return for risk.

Money Handling

46. The US buyer will usually pay the French contact man for his shipment in cash, often in small bills. The two principal methods used by

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trafficking groups for transferring cash out of the United States are through money couriers and legitimate financial institutions. The most expeditious method for transferring these funds is through money couriers who carry the cash to the trafficking group or deposit the money directly into a foreign bank account. Money couriers often receive from 1% to 3% of the money they carry as their fee. The courier method entails some risks, however, since many countries limit the amount of US currency that can legally be brought into the country. There is also a risk that the recently inaugurated departure checks in the United States may uncover undeclared or inexplicably large amounts of US currency.

47. Bank transfers are perhaps the easiest way to send narcotics profits abroad. Nonetheless, many traffickers are wary of the deposit and withdrawal records that banks maintain and of the periodic reports that they are required to make on large currency transactions. Some traffickers have disguised large currency transfers by breaking the amounts down into smaller amounts and by staggering the transfer over a period of time. In some cases, heroin traffickers have deposited large sums of money in Swiss bank accounts through correspondent Swiss banks in New York. The correspondent banks act as agents for transferring the funds to numbered accounts in Switzerland. Because the correspondent bank has no knowledge of the identity of the account and has no access to information relating to that account, the transfer remains anonymous.

48. In addition to banks, narcotics traffickers are known to employ the services of money exchanges. These are financial institutions which, besides trading national currencies for profit, provide many of the same services as a bank but without the same restrictions. They are not required, for example, to file US Treasury Currency Reports. They generally keep few records of large-scale currency transfers and tend to operate under a "no questions asked" policy.

49. There are two particularly interesting ways money exchanges are used to disguise narcotics currency transfers. The first is often referred to as parallel or repetitious banking and apparently is favored by Latin American traffickers. This practice involves the use of several banks and money exchanges, one after the other, to create a long line of deposits and withdrawals which eventually hides either the original source or the ultimate receiver of the funds. This financial trail can be made even more complex by using financial institutions located in several different countries.

50. Second, some trafficking groups disguise large currency transfers by having numerous checks or drafts for various amounts made payable to fictitious individuals residing in a foreign country. Witting individuals come to the money exchange in that country to endorse the checks. All of these checks are then deposited in the same numbered account in a nearby bank.

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Heroin Smuggling

51. Practically every mode of commercial transportation has been used to smuggle heroin from France to the United States. The smuggler's methods of operation are limited only by the scope of his imagination. An analysis of past US customs seizures [] indicates that the most common known means of smuggling heroin have been by body and baggage carries, concealment in motor vehicles and other apparently legitimate sea freight, and by clandestine air transport.

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52. Frequent use has been and is still being made of body carries. In this practice, small amounts (three to five kilograms) of heroin are either strapped to the courier's body or concealed in his or her clothing. Although this method is generally effective, many couriers, and thus many risks, are involved in transporting large quantities. In order to increase the amount smuggled, many traffickers rely on couriers to carry heroin in well camouflaged false-bottom suitcases. Frequent use is also made of airline crews and passengers and seamen who carry the heroin concealed in their personal effects or baggage. Seamen have been used as heroin couriers for years and apparently are still being extensively employed.

53. The smuggling of large quantities of heroin in motor vehicles is another popular method. These vehicles, which usually carry between 50 and 100 kilograms of heroin, are often purchased by the courier and sent to the United States as freight belonging to the courier crossing the Atlantic on the same ship. This method has been employed for over a decade and, despite more methodical and efficient customs port examinations, is still a favorite of French traffickers.

54. Much heroin is also being sent to the United States concealed in seemingly legitimate sea freight. The most famous example of this type of smuggling is the so-called "fish" case where a large quantity of heroin was found in cans sent from Europe which allegedly contained a fish paella. In this case, the French traffickers had organized a fake company, purchased a canning machine, and shipped the heroin as processed food. Because of the difficulties in detecting this type of smuggling operation, large quantities of heroin may be entering the United States through use of similar schemes. The recent increase in the use of containerized shipments for sea freight has made interdiction even more difficult.

55. A significant quantity of heroin is also being smuggled through clandestine air shipments. Private aircraft, loaded with heroin in Mexico and Latin America, are known to have transported illicit narcotics to

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commercial airports and private airstrips in the southern and southwestern areas of the United States. The heroin is often concealed within the aircraft's frame and unloaded at night in a secure area. Some heroin is also concealed in legitimate air freight shipments sent by commercial aircraft.

56. The seizure in March 1972 of a fishing boat off the southern coast of France carrying almost one-half ton of heroin destined for Miami suggests that French traffickers may be transporting large quantities of heroin in private boats. This type of operation has been used fairly frequently by traffickers of other narcotics operating out of Mexico. The large number of small boats arriving at hundreds of US ports every day makes this smuggling method extremely difficult to detect.

Smuggling Routes

57. There are three primary routes used in the smuggling of heroin from Europe to the United States: from Europe directly or via Canada; from Europe via Latin America (excluding Mexico); and from Europe via Mexico. As shown in Figure 3, an analysis of traceable heroin seizures between January 1969 and December 1971 indicates that the direct route from Europe carries slightly more heroin (40%) than the Latin American/Caribbean route (35%). The Mexican route handles about 20% of all the undiluted heroin entering the United States, and seizure statistics indicate that most of this is of French origin. Heroin smuggling directly from the Near East and Asia accounts for only 5% of traceable seizures. As shown in Figure 4, more than half of the heroin entering the United States comes through the Northeast. The remaining heroin appears to be divided about equally between the Southwest and the Miami/Puerto Rico areas.⁽³⁾

Europe-United States

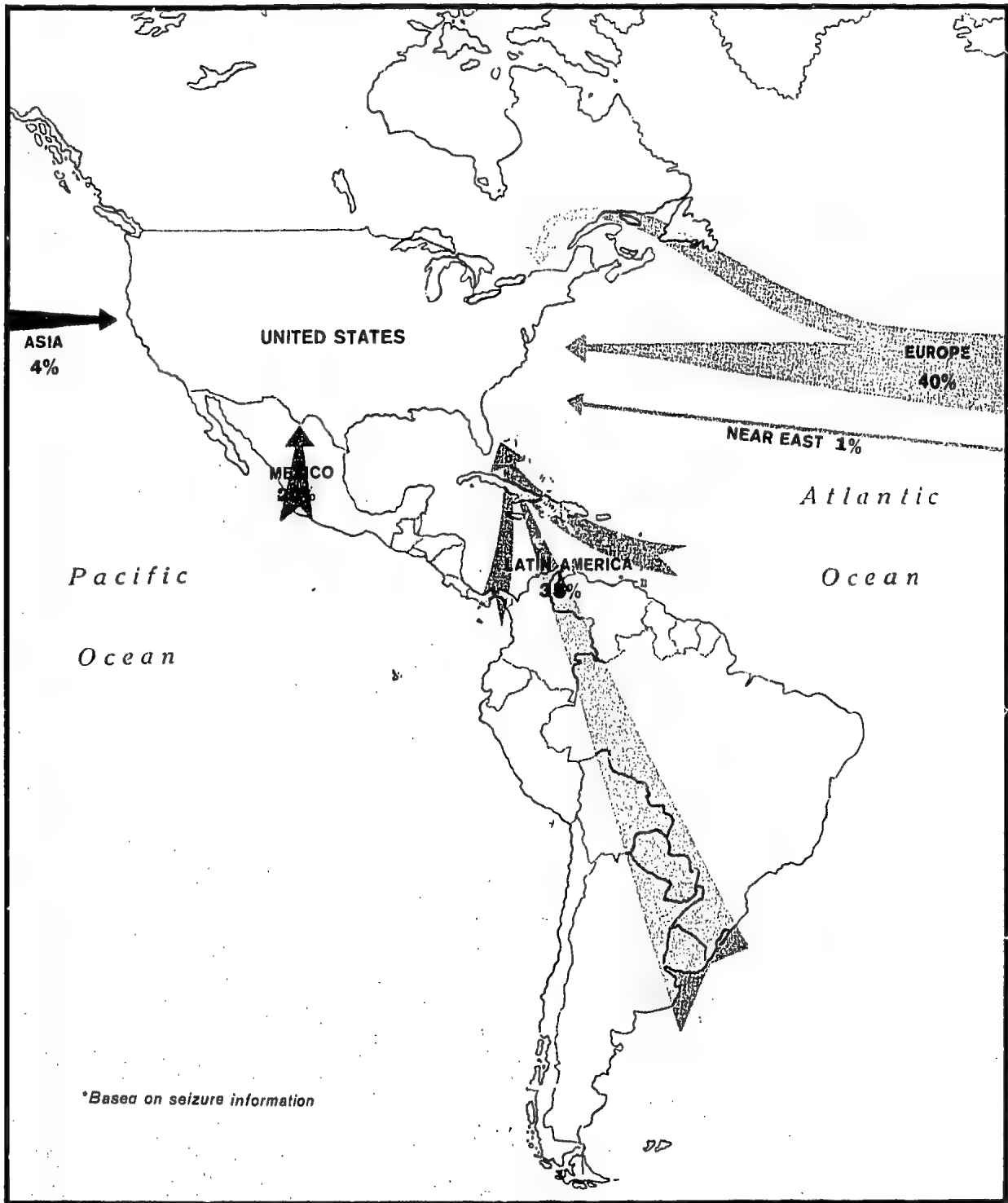
58. The direct Europe-US route is the oldest French heroin smuggling route and apparently the most active. In addition to trafficking groups operating in France, trafficking groups operating in Spain and Italy also ship heroin to the United States. Italian Mafia figures have long been involved in the heroin trade, using their personal connections in the United States as their principal clients. Italian traffickers obtain heroin from their French counterparts either by direct purchase or by trading morphine base for heroin.

3. These statistics refer to some 60 heroin seizures totaling 1,375 kilos made since January 1969 where the country of origin, smuggling route, and port of entry could be determined. The analysis, therefore, is based upon a small data base which can vary from year to year and which is dominated by occasional large seizures.

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Figure 3

FLOW OF HEROIN INTO THE UNITED STATES, BY PERCENT *



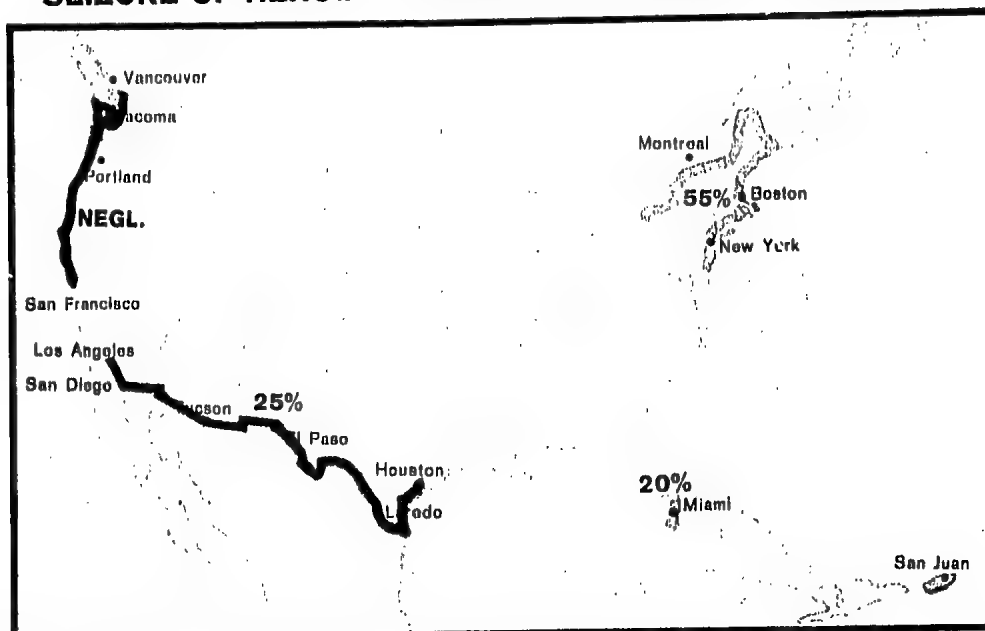
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Figure 4

SEIZURE OF HEROIN IN THE UNITED STATES, BY PERCENT

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59. By sending their shipments directly to the United States, French traffickers establish closer relationships with the US buyer, maintain closer control over the traffic, and maximize their profits. Moreover, the smugglers have the advantage of being able to conceal their shipments amid the voluminous transatlantic trade and commerce and need to pass through only one customs examination. The risk to the European groups, however, is much greater since the arrest of one of their own couriers could implicate some or all of the members of the trafficking group.

60. Canada serves two primary roles in the movement of heroin from Europe to North America. French traffickers probably use the Canadian route as an alternate point of entry into the United States in the belief that customs examinations in Canada and on the Canada-US border are more relaxed than on the US east coast, particularly when French passengers are involved. French traffickers have also found a growing secondary market for heroin in Canada. Canadian traffickers are known to have purchased sizable quantities of heroin from the French for both distribution in Canada and resale to their own US connections.

Europe-Latin America-United States

61. About one-third of the heroin seized in the United States over the last three years was handled by traffickers based in Latin America

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(excluding Mexico). Many of these traffickers have long been involved in smuggling manufactured consumer goods from the United States to Latin America and have added heroin and cocaine smuggling to their itineraries to bring them round-trip profits.⁽⁴⁾ Although most of the couriers and operators are native Latin Americans, many of the important traffickers are of Corsican and Italian descent. Some ethnic Chinese living in Latin America are also believed to be smuggling heroin -- of Asian origin -- to the United States.

62. The Latin American trafficking groups are somewhat similar to the French trafficking groups. Their structures often include contact men, courier receivers, and silent financial partners. The groups apparently also distribute profits in proportion to the amount invested in the heroin shipment by the group's leaders and backers.

63. Many of these groups are, or were at one time, tied into a major Latin American heroin supply network named after its reputed number two man -- Auguste Ricord -- who is presently in Paraguay awaiting a court decision on his extradition to the United States.

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These and other groups apparently also purchased additional heroin from the Ricord network or arranged for their own supplies from Europe.

64. In the early 1960s, many of the Latin American groups would send their own couriers to Europe to pick up the heroin and carry it from there directly to the United States. Since the mid-1960s, however, most of the heroin is first delivered to Latin America -- sometimes through European colonies in the Caribbean -- before it is carried to the American connection. European couriers traveling through these colonies reportedly are not normally subject to customs inspection. French heroin is shipped to Latin America by air and sea; the two most popular points of entry appear to be Buenos Aires and Montevideo. The Latin American groups apparently make frequent use of their own couriers, who are supplied with false documents and who import heroin in their suitcases past lax or cooperating Latin American airport customs inspectors.

65. The courier fees paid by Latin American traffickers are similar to those paid by French traffickers. How much the Latin American traffickers must pay their French counterparts is not known, although there are indications that some of the heroin is exchanged for cocaine. The US price for heroin handled by Latin American groups appears to be practically

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the same as for heroin controlled by French trafficking groups, suggesting that the Latin American traffickers are operating under a much smaller profit margin.

66. About 20% of all traceable heroin seizures made since January 1969 have involved either actual or intended entry into the United States across the Mexican border. Almost all of this undiluted heroin was of European origin. Although Mexican heroin traffickers are believed to have produced and smuggled sizable quantities of their own heroin, most of it has been seized in the United States only after it has been distributed and diluted. Thus the importance of Mexican heroin in the US market is undoubtedly greater than the seizure statistics suggest.

67. French traffickers have used Mexico as they have Canada. Some traffickers have attempted to use the southwestern area of the United States as an alternative point of entry, apparently in the belief that Europeans entering the country there will be less suspect than those arriving in New York directly from Europe. French traffickers have also sold heroin to Mexican traffickers who handle their own smuggling and find their own American connections. Most of these Mexican traffickers handle both Mexican and French heroin and supply the southwestern and central areas of the United States. Some Latin American traffickers have also smuggled heroin into the United States via Mexico.

Near East and Asia - United States

68. Only 5% of the traceable heroin seized in the United States has originated in the Near East or Asia. The primary source of supply for heroin from the Near East has been Lebanon. Almost all of the heroin of Asian origin can be traced back to Thailand. Both the Near East and Southeast Asia are capable of producing large quantities of heroin and may become important sources of supply in the future.

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APPENDIX A

Materials and Equipment in a Heroin Laboratory

1. List of materials found at a heroin laboratory site near Marseille in March 1969 and the value as affixed by French customs:

| | |
|--|----------|
| 225 liters of acetone contained in five 50-liter drums | \$500.00 |
| 24 liters of nitric acid in various types of containers | 57.60 |
| 1 plastic container of 10 liters alkali (ammonia) | 24.00 |
| 80 kilograms of tartaric acid contained in two burlap bags | 180.40 |
| 4 bottles containing 4 liters of chlorhydric acid | 9.60 |
| 1 liter ammonia | 2.40 |
| 2 liters acetic acid contained in a plastic jerrycan | 4.80 |
| 3 burlap bags containing 150 kilograms of carbonate of soda | 360.00 |
| 53 paper bags containing 265 kilograms of activated charcoal | 636.00 |
| 1 small plastic bag containing 500 grams of carbonate | 1.20 |
| 10 liters of acetic anhydride in a 50-liter drum | 24.00 |

Total value: about \$1,800.00

2. List and total value of laboratory equipment seized:

- 1 Roberval scale
- 1 precision balance
- 1 baby scale
- 9 rubber stoppers with glass pouring tubes
- 2 electric mixers mounted on a chassis
- 8 pairs of rubber gloves
- 30 packages containing five Laurent filter papers
- 1 package of plain filter paper
- 3 large chrome funnel filters
- 9 plastic wash basins, 40-liter capacity each
- 5 glass containers pyrex, 5-liter capacity each
- 1 glass container pyrex, 1-liter capacity
- 5 plastic sprinkling cans
- 8 gas masks of different types
- 5 filter element attachments for gas masks
- 1 centrifugal pump
- 8 tables of various dimensions and height
- 2 drying closets of laminated plywood
- 1 electric heater with baffles
- 7 chromium tank vat plates
- 1 electric sealing machine for plastic sacks

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5 plastic basins
1 Ferrix thermostat
1 acidimeter
1 laboratory thermometer
7 plastic funnels of assorted volumes
1 flat pyrex plate
1 Breyer mixer mounted on metal frame
8 glass pyrex flasks of assorted volumes
1 Jafy electric motor
1 vacuum cleaner
1 large funnel
2 electric heaters
1 Piel suction pump
8 porcelain basins
6 supports for laboratory apparatus
4 devices to control the flow of liquid by drops
1 suction pump
1 aluminum pot
1 hand-operated syphon pump
1 graduated pyrex test tube
1 ball-shaped pyrex condensation tube
1 serpent-shaped glass condensation tube
1 plastic graduated decanter
1 porcelain funnel filter
1 roll of metal filter tissue
2 gasoline-operated catalyst devices
5 liters of burning alcohol
1 ten-liter drum of thermixine chemical

Total value of the above objects:

about \$3,000

3. Miscellaneous materials seized:

1 formica kitchen table
1 formica high stool
1 Telephono Japanese transistor radio
1 household mixer
1 corner table
3 metal single beds

Total value of the above objects:

about \$600

4. Total value of all laboratory materials and equipment: about \$5,400

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